

Dear State CSBG Administrators,

**Unemployment Benefits & Other Unfinished Business:** Last week Congress left town for its Memorial Day recess without completing action on several major budget-related items, largely due to growing concerns over spending and deficits. Most prominently, lawmakers were unable to clear their top priority — a long-term tax/social safety net extenders bill. With the economy beginning to recover but millions of Americans still out of work, Democrats have wanted to extend through the end of the year authority for long-term unemployment benefits, federal health insurance subsidies for laid-off workers, and language preventing a scheduled 21% increase in Medicare reimbursement rates. To do so they decided to package those extensions together with extensions of popular tax breaks that had expired at the end of 2009, along with other provisions Democrats say would help to create jobs. But objections by conservative Blue Dog Democrats and other Democrats regarding the bill's costs have twice forced leaders back to the drawing board. The struggle to pass the measure may eventually be seen as a turning point in Congress' two-year effort to respond to the deep recession, with support for economic pump-priming beginning to take a back seat to fiscal discipline.

Also not yet completed by Congress is the fiscal 2010 disaster/war supplemental, including funds the administration says are urgently needed.

**FY 2011 Budget Resolution & Appropriations:** Leaders must eventually decide what will be done regarding the long-overdue fiscal 2011 budget resolution, and how to start this year's appropriations process — which also has stalled over spending issues.

Last week's focus on the aforementioned extenders bill and other issues meant that virtually no effort was made to try to breach the differences in the House between the Blue Dogs who want to cut non-security discretionary spending, and liberals who are open to some cuts so long as defense programs are also subject to possible reductions. The war supplemental remains a prime candidate for carrying a "deeming resolution" to set a discretionary spending cap for the year, although Democrats may not be eager to move their spending bills to the floor given the public's mood on federal spending and the constant attacks by Republicans over federal deficits and debt.

We will keep you informed as things progress.